



## Deregulation Policies in Theory, Privatization in Practice: A Case of Nigerian Universities



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### Abstract

This paper was designed to capture how deregulation policy has been introduced into the Nigerian university system. The study finds that, although the Nigerian government is assumed to have deregulated the system in theory, by putting forward the policy, actively this was not the case. The study highlights the reasons why the government thinks the university system should be deregulated but is yet to properly deregulate the sector. The study found that, on many occasions, policies like deregulation are misinterpreted as privatization or even commercialization. This is due to the interpretation of those who are responsible for the implementation of the policy. Likewise, the study observed that the sector has allowed private investors to directly create their own institutions, instead of participating in existing businesses. The policy is assumed to have been wrongly interpreted by those who should implement the policy properly. Rather than deregulating the system, it was privatized and partially commercialized. That is, the sector was not deregulated nor privatized, but rather private investors were allowed access into public business. This approach took the universities another step towards business which is market led.

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### 1. Introduction

In past decades, Nigerians have conceived education as one of the social services provided by the government, with comparative affordability among the people, based on the popular belief that education is an engine of poverty alleviation and growth (Uneze, 2002). However, in recent times, as a part of structural reform, deregulation, privatization, and commercialization, among other things, were introduced on the advice of the International Monetary Fund (IMF) and the World Bank, as recommended in their macroeconomic policies for third world states, particularly Nigeria, in the 1980s. This was an approach to reducing the country's borrowing, as mentioned by Adetunji and Adetunji (2015). Due to the Nigerian government poorly financing all their parastatal activity, and making further attempts to borrow from the World Bank and IMF, the two organisations advised the Nigerian government to deregulate these sectors if they found them difficult to maintain, run or finance (Alabi, 2005; Okundare, Solaja &

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Soyewo, 2013). Against this background, the federal government of Nigeria embarked on a deregulation process in some sectors, including telecommunications, petroleum, the power sector, and education.

Deregulation has been used in many sectors of the Nigerian economy (such as telecommunication, transportation, aviation, banking, health, and even education) in a quest for better management and practice (Alani, 2005). In the last 15 to 20 years deregulation policy has been introduced to the education sector, especially the university system. Universities have witnessed lots of constraints in the quality of service delivery to staff, students, and members of the public and other users of university services (Faniran, 2012). The primary controlling factor is centered on the financial resources at its disposal. As a reaction to this development, the university education system has embarked on close to 30 major industrial strike actions, advocated by various unions including the students domiciled within the system. All these domiciled agents are asking for one improvement or another, ranging from salaries to infrastructure, teaching tools, libraries, teaching resources and many other things (Omotola, 2004).

Nigerians see university education as pivotal for higher earners. It is the type of education that is given to individuals after the compulsory level of education, which involves conventional universities offering courses in management science and humanities, with special universities for sciences, agriculture, technology, and engineering (Adeyemo & Salami, 2008). Hansen (1958) and Hughes (1998) reveal that the Nigerian universities anticipate being, firstly, applicable and responsive to the needs of society, secondly, satisfactory in quality and quantity, with a well-motivated, qualified staff and highly skilled individuals whose products are technically competent, knowledgeable and adequately equipped to make a positive contribution to society and life fulfillment.

The essence of divesting government activity, or deregulation, of universities, is allowing an increased contribution of private individuals, groups and organizations as a genuine means of breaking the government monopoly. The participation of others in the development of university education is to ensure productivity in quality delivery, enhance meaningful involvement (in terms of creating access, financing, and management) and widen the liability of the government.

It worth noting that before the introduction of the deregulation policy, all higher institutions in Nigeria were financed by grants/subventions provided by both the state and federal governments, with insignificant contributions collected from students as fees. But as time passed, the government began to reduce the allocation of resources to the universities, which affected the operation of the institutions. The institutions continued to lack basic amenities. Among the things required by the institutions are infrastructure, equipment, resources, and personnel. The government struggles to meet all these needs, because the country's population increases daily, which results in very high demand for university education. Therefore, the IMF and World Bank challenge the idea that the effort of developing the nation should be a collective effort since the government struggles to cope with financing and management, while other prominent Nigerians could afford to finance the sector by owning a successful university (Oluleye, 2015). Taking the view that the business of providing quality university education for every Nigerian student should be a collective responsibility of all stakeholders, deregulation was adopted. The stakeholders, in this context, include all those who, in one way or another, benefit from the programs and products of the university system.

Likewise, with the mindset of competing in the global market, it has been observed that Nigeria, in the present age of *massification* and globalization of education, cannot afford to run a university system that compromises quality. To rescue the situation (financial problems, limited access, lack of proper management, continued strike action), the government, in 2002, initiated some deregulatory measures in the higher education sector. These were aimed at encouraging private universities and, to some extent, privatizing public universities (Adamolekun, 1983). Surprisingly, the privatization option adopted by public universities was to initiate income generating activities, adopt cost-sharing and cost-recovery methods, and profit-oriented commercial ventures, to obtain the resources needed for the smooth operation of the universities (Varghese, 2005). The measures included the introduction of school fees/charges in the following areas: sharing costs on academic-related matters such as computerization of results; departmental related issues such as library-related issues (books, journals, electronic books, monographs, tables, chairs, fans and air conditioners); student-related issues such as admission and screening; teaching and learning methods; staff-related issues such as welfare, promotion and training; and other school-related issues such as business operations (security, hostels, parking, guest houses and maintenance of equipment) (Faniran, 2012).

Morgan (2000) posits that the essence of deregulating university education in Nigeria was to increase competition or profit from the investment of the participants. This means that the government was ready to give over management of university activities to the highest bidder. From a contrary viewpoint, Omoike and Aluede (2007) argue that the sale of knowledge would likely result in the lowering of standards for student admissions, the evaluation of academic performance and the supervision of instruction, in order to attract customers (students), if the intention was to increase profitability. Likewise, Kaplan (2002) added that such an approach would likely lead to a tremendous increase in the

cost of university education, which would make university education no longer for the public good. In this paper, it is observed that deregulation was introduced as a policy by the Nigerian government without a clear picture of what deregulation meant for them. Deregulation can be undertaken for many reasons, as noted in [Adetunji and Adetunji \(2015\)](#). When deregulation was first introduced in America, it was centered on withdrawing parental rights to university education. In the United Kingdom, it was centered on giving the universities autonomy to operate. Therefore, it is important that the Nigerian government establish a clear picture of why they are deregulating, in order to avoid policy somersaulting. As observed by [Adetunji and Adetunji \(2015\)](#), many policies made by the Nigerian government never get to full implementation stage before another policy is introduced without considering the old policy.

## 2. Research Methods

The present study applied the qualitative methods. All data is analyzed descriptively. It is used a paraphrase to explain, elaborate, and explore regarding the phenomenon belonging. The conclusion is the last remarked based on the previous discussion and result.

## 3. Results and Analysis

### 3.1 *What deregulation means*

Deregulation as a concept has several meanings from the points of view of academia and the political actors shaping the debate. [Onobun and Obadan \(2005\)](#) hold the view that deregulation brings about prosperity for Nigerians, since it brings about productive competitiveness among businesses, which improves business performance in terms of higher productivity and efficiency. [Kaplan \(2002\)](#) explains that deregulation raises competition, hence the expectation of high yields, dividends or profits from investment. Kaplan debates whether deregulation means the sale of knowledge to the highest bidder, hence the possible lowering of standards to attract customers who cannot avoid paying more for quality. In an attempt to understand the concept of deregulation, [Oluleye \(2005\)](#) defines deregulation as a process of removing restrictions and controls which the government imposes on the management of businesses of all kinds (in the public sector), be it telecommunications, power or education. That is, turning a regulated economy into a free market system, where the forces of demand and supply decide the real market situation.

[Omoike and Gbinigie \(2005\)](#) debate whether deregulation of education in Nigeria has implications for access to university education. Omoike and Gbinigie posited that deregulating university education based on access brings about a sharp increase in tuition fees. They claim the negative result of the policy application lead to a high number of university students dropping out, as it affects low-income students' access to, public or private, universities in the country. Omoike and Gbinigie explain that deregulating higher education means dismantling governmental legislation and restrictions on the operation of the certain business of the universities. [Adetunji \(2016\)](#) feels that government deregulation of the tertiary education system is an indication of government failure to properly fund the educational sector, and the government are now looking for alternative methods for the sector to continue to survive. It is argued by [Worika \(2002\)](#), that deregulating education is most likely to create a situation whereby education is no longer regarded as a public good, but a commodity for the highest bidder. Those who require a university education, for one reason or another, have to pay for it. The assertion, raised by Worika and latter supported by [Adetunji and Adetunji \(2015\)](#), is that deregulation means removal of government subsidies which includes bursary awards and scholarships which no longer have long-term sustainability, although in the case of the Nigerian university system, no student can claim to have received a genuine bursary or scholarship in the last decade. Therefore, [Adetunji and Adetunji \(2015\)](#) assert that the deregulation of the university sector through the removal of bursaries and scholarships has no effect on the interests of Nigerians' university education, studies or knowledge.

On the contrary, [Omoike and Aluede \(2007\)](#) argue that deregulation may be commendable, acceptable and welcoming in being profit maximizing for an organization, but it should not be considered in the education sector, especially in universities, where teaching, learning, and research are the main activities of the institutions. Omoike and Aluede claim that deregulation cannot guarantee enhanced quality, nor can it assure increased and equitable access to university education. University education, according to Omoike and Aluede, must remain a public good, because, among its other benefits, higher education is an important instrument for providing high-level manpower for the nation's economy. However, [Adetunji \(2016\)](#) put forward the idea that deregulation of universities is linked with

privatization, as the universities have to be self-regulated and controlled; that is, freedom from government-imposed decisions, similar to deregulation, and more relaxed and profit-oriented than the deregulation policy argued by Omoike and Aluede, an approach which is classified as privatization. Privatization simply means allowing private individuals to establish, manage and finance university education, without any public funding, especially direct maintenance from the government. One could conclude that deregulation is different to privatization, although one could argue that if the government does not give room or initiate deregulation it would be difficult to think of privatization. It is also argued that privatization policy can be adopted independently of government, given the assurance of deregulation in theory, but not in the real sense of operation. Adetunji (2016) argues that it is important to first identify the reasons for deregulation and the government should establish this and make it known to all, rather than just making policy for policy's sake.

### 3.2 Reasons for deregulation of university education in Nigeria

Education in both the developed and developing economies of the world is capital intensive in terms of human, financial and material resources (Nwadiani, 2000). In light of this fact, Nigeria, which is one of the most poorly managed countries in the world in terms of finance, leadership, technological focus, development and many other areas, needs assistance from the private sector, particularly in the provision and management of university education, since the three tiers of government alone cannot cope with educational costs. Public universities are faced with adverse conditions, from overcrowding to deteriorating physical facilities, a lack of recent library tools, books, e-journals, educational materials such as laboratory consumables and the maintenance of laboratory tools. These adverse conditions in public universities are among the reasons for inviting private participation in the provision of university education. Another reason for private sector participation in the provision of university education was put forward by Fanira (2012); deregulation will create keen competition between public and private educational institutions in all facets of human endeavour. In other words, Fanira assumes that competition can gear improved quality of educational inputs, processes and outputs.

Private involvement in the funding and management of education offers alternatives to citizens, by creating more spaces for university applicants who are denied yearly due to inadequacy of spaces in public universities, as noted by Adetunji and Adetunji (2015). It enables applicants to choose from the varied types of courses or careers introduced by private universities. In addition, citizens enjoy better academic environments, equipped with modern facilities and curricula, and the expatriate lecturers mostly employed by private institutions. Some public institutions, especially universities, are conventional and find it challenging to change or adjust their curricula in light of challenges at the international level. Whereas, privately-owned universities are compelled to study emerging events and develop their curricula in line with current global trends. These are the expectations of the general public and the government if university education is privatized, it will enhance the development of the economy and gear competitiveness among institutions.

## 4. Conclusion

This paper was designed to capture how deregulation policy has been introduced into the Nigerian university system. The study finds that, although the Nigerian government is assumed to have deregulated the system in theory, by putting forward the policy, actively this was not the case. The study highlights the reasons why the government thinks the university system should be deregulated but is yet to properly deregulate the sector. The study found that, on many occasions, policies like deregulation are misinterpreted as privatization or even commercialization. This is due to the interpretation of those who are responsible for the implementation of the policy. Likewise, the study observed that the sector has allowed private investors to directly create their own institutions, instead of participating in existing businesses. The policy is assumed to have been wrongly interpreted by those who should implement the policy properly. Rather than deregulating the system, it was privatized and partially commercialized. That is, the sector was not deregulated nor privatized, but rather private investors were allowed access into public business. This approach took the universities another step towards business which is market led. Commercialization is centered on independent involvement of individuals or groups to make money or get a return on their investment, an approach which goes against the philosophy of university education. Therefore, this paper does not conclude that universities in Nigeria have been deregulated or privatized but rather suggests that they have been commercialized, and suggests that further

study can look into whether the deregulation policies are, in practice, any of the three mentioned; or whether deregulation has led to commercialization of the industry.

This study concludes that none of the Nigerian universities, prior to the establishment of the policy of deregulation, have been deregulated or privatized, either partially or fully. Therefore, deregulation is an iniquitous word to use for the changes within the university sector in Nigeria.

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*Statement of authorship*

The author(s) have a responsibility for the conception and design of the study. The author(s) have approved the final article.

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